

# The Near-Term Evolution of Video Buying

June 2025

*Commissioned by Google*

## SUMMARY

- **This paper provides an outlook for the function of media agency-led TV/Video buying** by starting first with a view on the evolution of the world most marketers consider to be “TV”, whose definition is itself evolving
- We identify how the strategic role of television, its terms of trade, how it is bought and how measurement are all evolving in different ways. **TV or video buyers are increasingly looking to meet individual marketers’ customized needs as well as their growing demands for flexibility**
- The demands for customization and flexibility mean that the **responsibilities of TV/Video buyers increasingly look like those of planners**. We saw this happen previously in the world of digital buying in the early days of that medium, as media management required the buyers to take on a much greater range of responsibilities relative to other buyers.
- TV/Video buyers need to cost-effectively manage their old responsibilities - which aren’t going away, even if they become less important in the future – and their new ones. **Marketers will often benefit when TV/Video buyers work more closely with digital “buying” teams, although this requires a growing reliance on both humans and machines**. This is because the growing complexity of TV/Video buying and the growing integration with other types of digital media requires more responsibilities and more decision-making than the old work of traditional television buying.

## INTRODUCTION

Media agency-led TV “buying” (also referred to as “investment” or “trading”), or the processes that connect a marketer’s allocations of budgets to the advertising units sold on

the medium of “TV” (or “video”, which in turn can have subtle variations in definitions) is a critical function for the advertising industry.

To many non-practitioners, *Mad Men*’s Harry Crane character was the epitome of the three-martini-lunch buyer of the second half of the 20<sup>th</sup> century, and perhaps he wasn’t far off from reality. But it wasn’t only “vibes” and relationship-building: in our recollection of the series, one of the more critical functions displayed in the series was the effort to bring computing and technology into the processes required to manage a “television department.”

During that time and for decades after, we would argue that TV/Video buyers, as they then were, mostly saw themselves as creatures of the media industry who provided a service connected to the work of an advertising or media agency in relative isolation from marketers’ broader businesses. However, there have been many changes that now clarify and crystalize that TV/Video buying is a group of processes that are, in turn, important components of marketers’ supply chains.

Towards these ends, as marketers’ procurement teams have increasingly involved themselves in media services, there has also been a meaningful expansion in the role that technology plays in day-to-day work. This shouldn’t be surprising: with efforts now required to manage atomized ad units, shifting forms of distribution, processes which now overlap with other media, and overlapping media owner relationships, buying has become much more complex than it once was. As it’s always evolving, we wanted to do a deep dive into how this function may continue to do so in the coming years.

For now, Harry Crane would probably still see many similarities in the TV/Video buying of this era when compared to the TV/Video buying of his era, although there’s a growing chance that within a few years it will not be recognizable relative to what it once was.

## **EVOLUTION OF VIDEO / TV ADVERTISING**

### **Level-Setting With Historical Context**

TV was historically rooted (and defined) in professionally produced content delivered first over broadcast frequencies and then concurrently via coaxial cable or similar facilities-based services, connected to a home-based consumer electronics device either by “rabbit ears” or by means of a distributor-owned tuner or other “set-top box.” Ad units were associated with most of the medium’s content and inserted uniformly into individual program airings with some variations in specific units for geographic breaks based on the historical limitations of the technology. With content that was often immaculately

produced for broad audiences in order to be consumed widely and, ideally, impact an era's zeitgeist, advertisers wanted to associate themselves directly with those individual programs.

These assets were rigidly licensed primarily by distributors' sibling companies or by third parties with fixed "windows" that limited the degree to which content could be made available in on-demand environments as the technical capacity to provide it in this manner emerged, and advertisers were generally supportive, as the incumbent model helped to aggregate and maximize concurrent audiences, further enhancing the "water-cooler" effect that television was capable of producing.

Much of this changed with the digital video recorder, first made available as a separate device in the late 1990s, having followed on the emergence of the VCR 20 years earlier and the remote control years before that. These devices meaningfully encouraged consumers to take more "control" of their viewing experience. As distributors incorporated DVR technology into their own set-top boxes, fears from earlier years that advertising consumption on TV – and thus advertising spending – would be decimated were alleviated by the reality that only so much programming would be viewed in this manner and that many people couldn't be bothered to skip every ad break.

By this time, nascent forms of targeting audiences based on viewing behaviors or other data was now possible, and creative possibilities expanded as new kinds of ad units in the broadly-defined world of "advanced TV" emerged. In aggregate all of this was small, accounting for very little inventory sold by media companies and little spending by advertisers.

But other forms of media that looked like "TV" were emerging by the end of the century's first decade. Netflix – aka "The Albanian Army" in the infamous words of Time Warner's Jeff Bewkes in 2010 – began streaming content, and a business with an overlapping history to Netflix called Roku brought out a new consumer electronics device in the form of a dongle that, along with Microsoft's Xbox (which deployed a Netflix app very early) demonstrated the practical potential for connected TV.

While the fear of competition from Netflix catalyzed a complacent collection of conventional media companies into growing their content-related investments during the 2010s – with the 2018 announcement of Disney+, the ongoing support of Hulu by NBCU and Fox alongside Disney as notable efforts and the incrementally important deployment of TVs with integrated internet connections – ad-supported opportunities in this emerging world were primarily limited to the so-called FAST (Free Ad-Supported TV) channels from

Pluto (acquired by Viacom ahead of its transition into Paramount), Tubi (acquired by Fox) and the OEMs who made consumer electronics equipment.

The pandemic helped accelerate these trends as consumers found themselves with more free time than they had before, and with so much new content there was a significant appetite to try the many newly emerging services. As conditions moderated, ad-supported variants of many of the previously subscriber-only services emerged. Although ad loads remained low, the direction of travel in support of CTV – and the opportunities to use new data associated with these services – was clear.

Meanwhile, video proliferated in other environments including social media platforms and the by-now omni-present YouTube. Neither form of video became accepted as part of the “TV” universe by most marketers, rightly or wrongly, even as these alternative forms of video – especially YouTube – grew their share of consumption on traditional TV sets. Concurrently, processes associated with digital media, including various forms of programmatic buying and the application of robust sets of data, became widely used by most all of the publishers whose content was now available in CTV environments.

### **Back to The Present And Into The Future For “TV”**

Despite occasional exclamations around the “death of TV” the medium has retained much of its importance for consumers and within society, although it is increasingly skewed towards ad-free content. This is happening in part because the nature of content consumed on-demand is inconsistent with the nature of advertising found in linear TV environments, which generally benefited from the medium’s historical reliance on passive consumers.

To be sure, there are some consumers who are particularly price sensitive or are otherwise unwilling to pay a premium to avoid ads, but we think most will pay to avoid ads when they have the option to do so. Moreover, as TV continues to offer significant value advantages over other forms of entertainment, ad-free TV viewing is generally an affordable luxury for the vast majority of consumers who know they will consume a significant volume of content with a given media company. Still, the capacity of television to provide advertisers with the kind of reach they are used to achieving during campaigns has been compromised, reducing the appeal of the medium for some marketers.

At the same time, because new consumer technologies have brought with them a range of new advertising technologies and because there are many labor-saving tactics that follow from the application of new ad tech, TV sellers have generally come to embrace the role of

technology and data in their sales efforts. To some degree, those efforts help improve or at least alter the selling proposition of TV.

Looking forward, network owners and other packagers of professional video content are optimistic about their advertising-related business initiatives, but are also mindful about the difficulties they face in persuading traditional clients to sustain budgets within the medium given the alternative choices available to them alongside the relative appeal of social media as well as YouTube as a stand-alone competitor. Most individual sellers of TV advertising also face the ongoing challenge of fighting for sufficient investments in programming in the face of threats to profitability that follow from the need to invest more deeply in technical infrastructure and content. Of course, many of the relative upstarts in this space – Netflix and Amazon in particular – have deep enough pockets to continually invest to take share for the foreseeable future and creator powered ecosystems like YouTube don't face similar ceilings on scale.

### **What Do Marketers Want?**

In this environment, marketers have reduced the role of TV advertising in their campaigns. On the one hand many marketers - those who rely on TV, at least – generally believe that their brands are important and that TV is the most effective way to build a brand but on the other hand they are shifting spending towards social networks and commerce media because they believe (rightly or wrongly) these media drive “performance.”

In part we think this is occurring as the function of procurement has become increasingly entrenched and as more senior managers of public companies fixate on their stock prices. This causes marketers to increasingly focus on shorter-term KPIs such as sales or sales intent or other “outcomes” which digital platforms are better positioned to provide. Similarly, marketers who have only come into existence since the digital era began frequently grew their businesses on digital media channels, and although many recognize the importance of brand-building, the core of their operations is interlinked closely with digital platforms. When paired with the falling ratings for individual programs and the growing focus on audiences over content, marketers are increasingly indifferent about the specific properties they might otherwise buy from sellers of TV advertising.

Marketers' actions ultimately drive the actions agencies take. Although agencies – and holding companies in particular— have generally struggled in recent years, media agencies within the holding companies have adapted incredibly well to an evolving world. As cost

pressures have persisted – for marketers expect their so-called “non-working” budgets to become ever-more-efficient – marketers expect agencies to find more cost-effective ways to organize. That has had the effect of matrixing if not consolidating buying functions across media, integrating the actions that TV/Video buying teams make with the actions of others.

## EVOLUTION OF TV/VIDEO BUYING

In the world that we described above, we wanted to explore how TV/Video buying will evolve and towards those ends engaged in interviews with practitioners who have either very recently worked as TV/Video buyers or who once did and subsequently worked in adjacent technology-focused sectors of the industry.

At a high level, this work identified that the following trends are playing out for TV/Video buyers and TV/Video buying:

- Unsurprisingly, **the definition of TV is evolving**, but divisions between different types of video-based ad inventory remain common. What gets included as “TV” is still very much in the eye of the beholder. There is subjectivity regarding whether or not video delivered on a social media platform, YouTube or the open web is directly comparable to conventionally-defined professionally-produced video delivered on any given device. On the one hand, there is a traditional notion of “production value” and format consistency that generally defines TV in the eyes of many, but on the other there is a growing recognition that the cost of production and similarity of format for top tier social video may be similar or superior to what currently runs on cable networks at the present time. As a practical matter, there are still differences in the mechanics of how most TV is bought, executed and measured vs. other sources of video ad inventory, and so long as this is the case there won’t be a uniform notion of TV.
- **Within that definition, content might increasingly be divided into “sports,” “influencers” / “creators” and “all other.”** Sports-related programming has clearly separated itself from the pack of most other forms of professional content, as viewing levels have remained relatively steady, audience reach remains broad, viewing is typically live and ad loads remain relatively heavy, at least compared with streaming. At the same time, we can point to marketer interest in working with influencers in video-based formats. Although influencer or creator budgets are not typically associated with video or TV as it has been historically defined, the focus by

marketers on influencers suggests to us that before long these budgets could become integrated, regardless of how agencies execute against them

- **There is an increasing degree of focus on the tactical and bottom-up-level of choices** that buyers make, as the choice of buying tools and the specifics around measurement and analytics impact how TV/Video buying occurs. This contrasts with prior eras where top-down decision-making around broadly strategic choices in buying (i.e. media owner volume allocations and negotiated pricing rates-of-change) were the most important variables for TV/Video buyers to focus on.
- **Planning and buying are increasingly integrated in TV** much as planning and buying have become more integrated in “digital” with the teams who are primarily responsible for social and open web media buying. This means there is an iterative nature to the buying process with more choices to be made, more data, more feedback and ultimately more discretion provided to “buyers.” We can compare the future with a past where TV/Video buyers were often characterized as “order takers,” applying some tactical discretion, but much less than they have now.
- **Reporting lines** are blurring between groups nominally focused on television and purely digital media. Matrixing is increasingly common. But are we seeing full integration with the teams responsible for digital media? Not really. By contrast, teams previously separated by geographic focus – i.e. local and national – appear to be increasingly aligned. This makes more and more sense as digital video inventory sources can increasingly satisfy any given geographic focus. More generally, if you buy in a silo, you have no intelligence and lose leverage, thus reinforcing the importance of a thoughtful organization of buying professionals.
- **Performance-based media goals are becoming increasingly common** among large brand-focused advertisers who would otherwise solely focus on reach and frequency as target metrics. As TV/Video buyers are increasingly aware of the need to demonstrate shorter-term performance or “outcomes,” specific media and measurement choices evolve.
- **The agency business is becoming more important to buyers than the agency function.** There is increasingly a shift of focus among buyers towards building their agency’s business over building their clients’ businesses. Arguably this is due to the ongoing cost-cutting efforts that agencies face for like-for-like services and the need to sell additional services and products through to clients in order to sustain or improve profitability. Day-to-day clients are likely generally aware that their own focus on reducing so-called “non-working” spending results in adverse

consequences, such as the shift of commercial focus for their “agents” and reduced effectiveness overall. New products, such as those broadly characterized as principal-based trading products have evolved in response to clients’ expressed preferences for better and worse.

At an operational level, the terms of trade, the processes by which television is bought and measurement are all evolving, too. When we think about the terms of trade, we believe the following are occurring:

- Negotiations are increasingly “**streaming first**” with a subsequent focus on linear TV. It’s plausible that **dayparts** are not negotiated separately in the future, but as the US industry currently stands, dayparts still matter.
- **Principal-based trades** (or “endeavors” which are not necessarily commitments to secure and re-sell ad inventory but which might look similar to principal-based trades) have become increasingly common in the world of TV/Video buying. Clients have been looking for ways to reduce agency fees and like-for-like pricing of media for as long as they have tracked these figures, and after decades of efforts to produce “superficial” cost savings by downgrading mixes of dayparts, content or networks and reducing the labor associated with their media accounts, incorporating inventory where the buyer may not know the ultimate seller. This is another example of marketers expressing a relative degree of indifference to the content they are willing to accept. It happens to improve their agency’s negotiating clout, and where the buyer can make a margin on that inventory in order to better serve a client, it produces a messy win for the marketer. We expect to see more of this activity with every passing year.
- Relatedly, whereas verbal negotiations focus on CPMs and volumes, that’s only a small part of negotiations now because **marketers care more about reach and frequency and less about specific content relative to the past**. They are now much more about audiences (outside of sports) because of the interchangeability of most content. Most linear is still bought on age/gender demos, but more and more audience-based inventory is bought. This evolution to audience is more pronounced in video space (but with diminishing line), the longer the tail, the less likely they are to care about that environment
- **Holdco deals may take on new shapes** as negotiations require more flexibility at the client level. Media owners may demand relative firmness at the Holdco level – especially given the growing aforementioned role of principal-based trading -



instead. This leads to a question around whether or not negotiations could evolve to focus on share allocations to individual media companies by individual agency groups rather than price in the future as exists presently in the UK

- **Data** is becoming an increasingly important aspect of negotiations. It's plausible that upfront negotiations could evolve into trades of access to data or other audience optimizations
- One area that does not appear to be evolving is the nature of the core agreements that advertisers make in Upfronts: **annual commitments remain advantageous** because it helps sellers lock in budgets and helps buyers (and marketers) know they can make plans for an extended time horizon
- **Terms and Conditions are now a "wild-west"**. In the era when linear TV operated without non-linear alternatives, most of the terms and conditions – payment terms, definitions, contract elements and the like – would have been relatively uniform. But now, as agreements may include details on matters around ad servers, for example, and as most marketers will prefer different combinations of services from their agencies, there can be a wide range of micro-negotiations on Terms and Conditions.

Mechanically, the ways in which TV is bought are evolving, too:

- One thing that is becoming a clear consequence of the increasingly non-uniform nature of the industry's terms and conditions is that **negotiations are increasingly time-consuming**. With a lack of uniformity, it can take months to complete agreements, and it's unlikely that this trend changes any time soon.
- **What counts as leverage is changing**, especially for sports-rights holders as sports grows in importance. Sellers will often look to pair their most valuable inventory with other inventory to produce the greatest benefit. Similarly, streamers with high-quality, high-cost content are able to leverage that content and bundle it with other inventory.
- **Efforts to automate work are increasing** with every passing year, much as it has since the dawn of computers in the agency world. At same time, there's still a lot of mechanical activity that has proven difficult to automate. There are limitations because of challenges with data issues, naming conventions and human error.
- **Despite the rise of automation, relationships still matter** and probably lead to better overall outcomes vs. situations that don't depend on relationships. For as

much technology is involved in the process of buying TV (at least including the forms that can be bought through digital tools) there are advantages that follow from human-to-human interaction between the buy and sell sides and with marketers because of the creative ways buyers and sellers can produce value or otherwise identify counterparties who under or overvalue what they have to trade. This is not a unique aspect of the advertising industry: we note that on Wall Street, conventional initial public offerings continue to be primarily sold.

- With the availability of processes and tools to automate buying, **greater and greater volumes of biddable inventory** are likely to get bought through automated means. Looking at everything over the next five years, there will be very little purchased via an insertion order. Interestingly there is a concern that such a change presents more risk than ever for under-delivery of audience guarantees.

Underpinning all of this are changes and elements of stability in the field of measurement:

- **Reach and frequency retains importance** as many (or possibly most) of the large brands who dominate television advertising continue to focus on these metrics as proxies for essentially reaching everyone. It's not only for brands and products who want to sell to everyone, but for nichier products, too, as sources of influence on consumer behaviors can be difficult to understand with precision.
- With **more trading activity focused on outcomes** this forces a greater reliance on tools and processes that are used to measure outcomes and track them back to media activation data.
- But no-one says a marketer has to choose: **multiple data sources are likely to be increasingly relied upon** as marketers look to sustain historical benchmarks but also want to use data to better target and assess the impact of their media data choices. Relatedly, although Nielsen will undoubtedly remain as the industry's key benchmark, other currencies will be relied upon.

## IMPLICATIONS AND CONCLUSION

A key observation from our overview of the evolution of TV/Video buying is that it will require the addition of significant complexity to the business, given the matrixed reporting structures, traditional and programmatic buying processes, the use of data and connecting all of it to outcomes, among other factors. Cost-effectively managing all of this requires a

shifting mix of humans and machines that requires ongoing investments in both. This represents a circular consequence of sorts: greater automation leads to more labor which leads to the need for greater automation, and so on.

All of this is a consequence of a world where few marketers feel the urgent need to standardize how they do what they do. The costs of customization and organizing processes, data and other aspects of TV/Video buying are relatively low for any one marketer in this world vs. the one which existed in the 20<sup>th</sup> century where doing anything customized would have been un-affordably expensive. This has a potentially profound implication: automation can concurrently become more important and widespread AND the industry can appear like it requires more human involvement - or at least more human judgement – than ever before.

We've seen this play out in the broader advertising world in at least some instances: consider the vast number of ad tech and marketing technology companies now in existence - certainly in the tens of thousands of individual corporate entities – each providing their own spin on a relatively small number of relatively similar products. Television has been so efficient for so long that it didn't seem worthwhile to innovate much on the process of buying. But as its complexity increases, the costs of investing in change becomes more tolerable.

Beyond the growing role for technology-based buying solutions and workflows, all of this also means that it becomes more important than ever for buyers and their managers to think like supply chain managers, optimizing processes and investing against continual improvement. We've observed that for several decades now, marketers in large organizations have worked in closer alignment with their procurement teams. This is, we think, largely a reflection of an understanding that media buying is part of a supply chain and that the processes optimized by professionals who are often grouped together into procurement functions can and should be applied to media. If ever there were a good time for the ad-supported media industry to focus on this aspect of their activities, it's now, or at least sooner rather than later.

Although the definition of TV has changed, TV/Video buying isn't going away as a function as much as it will evolve, and it will do so as part of an increasingly complex and critical part of the media agency industry.

***Acknowledgements:*** We would like to thank the insights provided by Chris Geraci, Todd Gordon, Garth Tiedje and many others whose perspectives helped inform this report but

*who prefer to remain anonymous. The opinions expressed in this report do not necessarily reflect the views of the report's interviewees nor those of Google.*